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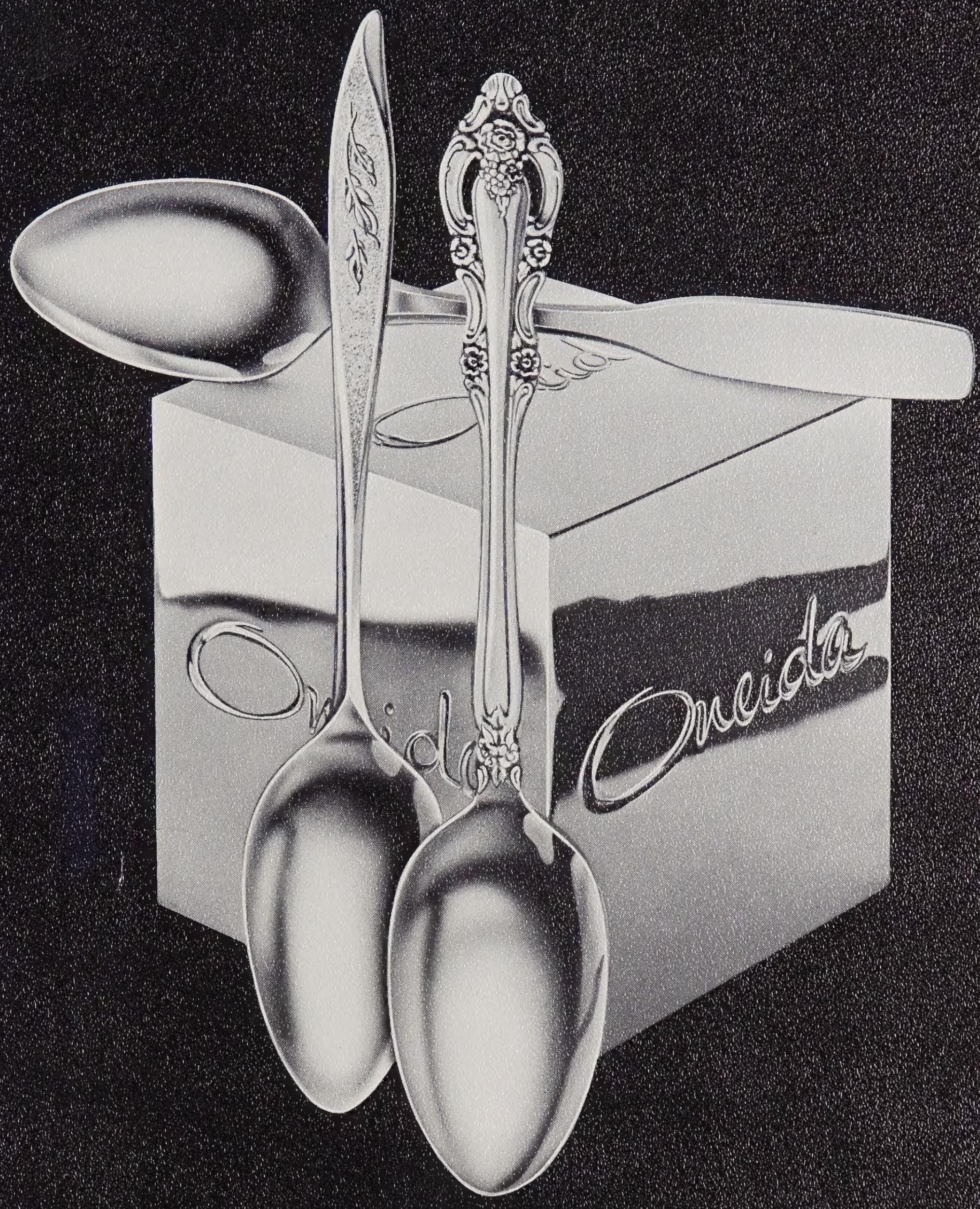


ONEIDA LTD.
SILVERSMITHS

ANNUAL REPORT · FISCAL YEAR ENDED JANUARY 31, 1967

(Upright left) First Frost in Heirloom Sterling, *(upright right)* Silver Artistry in Community Silverplate, *(horizontal)* Paul Revere in Community Stainless

Officers

MILES E. ROBERTSON	*Chairman of the Board*
PIERREPONT T. NOYES	*President*
JOHN H. DETRICH	*Vice President and Treasurer*
DUDLEY E. SANDERSON	*Vice President*
RICHARD A. BLOOM	*Vice President*
HENRY G. ALLEN	*Vice President*
HAMILTON ALLEN	*Vice President*
ROBERT W. LANDON	*Vice President*
JEROME WAYLAND-SMITH	*Secretary*
GORDON A. MOREAU	*Controller*
JOHN R. KELLER	*Assistant Secretary and Assistant Treasurer*
ARTHUR F. WOODBURY, JR.	*Assistant Secretary*

Directors

MILES E. ROBERTSON, *Chairman*

HAMILTON ALLEN	STEWART M. HILL
HENRY G. ALLEN	JOHN R. KELLER
JOSEPH M. AUSTIN	GEORGE H. KRAMER
LAWRENCE A. APPLEY	ROBERT W. LANDON
RICHARD A. BLOOM	GORDON A. MOREAU
THOMAS H. CHOATE	PIERREPONT T. NOYES
ROBERT L. CLARE, JR.	DUDLEY E. SANDERSON
ORVILLE E. CUMINGS, JR.	LESLIE I. SMITH
JOHN H. DETRICH	HERBERT B. STOUGHTON
HARRY T. FARMER	JEROME WAYLAND-SMITH

ONEIDA LTD. SILVERSMITHS

Head Office: ONEIDA, NEW YORK

Factories: SHERRILL, NEW YORK; NIAGARA FALLS, CANADA; BANGOR, NORTHERN IRELAND; TOLUCA, MEXICO

City Offices: NEW YORK, CHICAGO, LOS ANGELES, TORONTO, CANADA; LONDON, ENGLAND

FINANCIAL HIGHLIGHTS

	1966	1965
Net Sales	$54,208,113	$50,512,389
Income before Taxes on Income	5,143,026	4,936,268
Net Income	2,578,026	2,411,268
Earnings per Share of Common Stock	1.84	1.71*
Preferred Dividends Declared	141,009	141,009
Common Dividends Declared	581,166	498,216
Common Dividends per Share	.44	.38*
Working Capital	17,133,380	16,653,786
Total Stockholders' Equity	23,831,908	21,985,132
Book Value per Share of Common Stock	16.18	14.79*

*Adjusted for 20% stock distribution in December 1966.

PRESIDENT'S MESSAGE

TO THE STOCKHOLDERS OF ONEIDA LTD.:

The fiscal year of 1966 was a good year for your Company, but a trying one. We had everything from a week-long blizzard shutdown to a surprising inventory shrinkage in one of our subsidiaries. In between, we had hiring and training problems that would drive any personnel man up the wall, and delivery trouble due to unavoidable overselling that made the Sales Managers' job a nightmare.

In spite of these problems, we did manage (thanks to a fine, level-headed organization) to bring home a reasonable gain in sales and profits. We missed our forecast, but our earnings per Common share of $1.84 were well above the adjusted earnings of $1.71 the year before.

Our sales increased from $50,512,389 to $54,208,113, but more important, our share of market in our major products, despite shipping difficulties, increased in pleasing fashion.

Our continued expansion of capacity and efficiency during the year necessitated further capital funds. To take care of this problem, we obtained a further loan from the same three insurance companies, totaling $4,000,000 at 6¼%. Final payment to us will not occur until June of this year, at which time we should be in a more comfortable cash position.

In December, we made a stock distribution of one share for each five held. Since the 50¢ dividend was maintained, this move effectively raised the return per share twenty percent, or equal to 60¢ on the old stock. Your Management feel that this is a sound method of conserving cash while including the stockholder actively in our growth.

The expanding trend in our Stainless Steel sales continued unabated this year, as did our progress in the Plated Holloware field. Behind both of these records are very forceful merchandising and sales promotion campaigns, coupled with excellent product designing and planning.

Our Plated Flatware business increased again and we feel sure that our future programs will let us continue this progress.

Our Sterling Flatware business was slightly off from the year before. This record in no way indicates the type of year we are going to have in 1967 if our planning is as good as we think it is.

Again, our Melamine Dinnerware Division showed a handsome increase in sales, but, as yet, it has not been able to bring in its share of profits. We have every reason to believe, knowing the programs coming forward now, that this profit picture will change in the not too distant future. Our distribution program has been greatly altered for the better and this year will see us bringing forward a tremendous amount of new and exciting products, which early indications lead us to believe will be successful.

On February 1, 1967, our Canadian Division changed officially into a wholly-owned subsidiary — Oneida

Canada Limited — with their own president and board of directors. This is a very propitious time for this change for many reasons, but also in the light of the fact that they had a very fine earnings record for the year just passed, you might say it was a fine send-off for the new corporation.

The Parent Company will continue to furnish technical and management aid and will still feel highly responsible for this new company's operation and growth.

We are happy to note that Oneida Mexicana, in only their third year of operation, has come into the profit column. To be sure, it was not a great amount, but our original forecast for the year had been for a modest loss and the turnabout not only was pleasing, but indicates very strongly that we are on the road to good profits from now on. To strengthen this prospect, it should be mentioned that we now have a reasonably full line of products, both in Stainless Steel and Plated Flatware, and are selling in most every avenue of trade.

Our Niagara Falls Tower and Plaza operation in Canada has been having its own troubles. They stem from the fact that last year was a reasonably poor tourist year in Niagara Falls for all concessions, and also from the fact that the beginning of last year saw the completion of a new and much higher and gaudier tower than ours. You may be sure that we are spending great energy and, I hope, ingenuity in finding ways to make this enterprise pay, but, at the moment, it does not look too easy to accomplish.

Our English subsidiary finished a year of largely increased sales and activity, and although they cut the 1965 loss by a considerable amount, the results were disappointing relative to our earlier feeling that they might make a profit in 1966. Operating-wise, from most every standpoint, they showed very fine progress and the management matured another year and showed the effects of this increase in experience.

The disappointment in their earnings record stemmed from a year-end abnormal shrinkage in inventory. Every effort is being made to insure that this does not recur, and we feel that they are now on a sound basis for the future. I am sure it will interest you to note that despite the austerity program in England today, our business for the first eight weeks of this year has started out well ahead of last year and, if it should continue, they will certainly make a good showing for 1967.

The whole year of 1966 was characterized by the normal awkwardness of fast growth. Our Sales Departments gained great momentum and oversold most all our products handily. The factory organization did a heroic, if nerve-wracking, job trying to deliver goods in reasonable quantities, while at the same time moving into much expanded facilities, and training a great number of new employees.

This is not the ideal way to make maximum profits, but it was unavoidable. With this picture in mind, my hat is off to the whole organization for doing as well as they did. There is also a collateral benefit derived from this struggle...a measurable increase in the self-confidence of the group, and in my belief in their ability to handle any situation, come what may.

Our overall plans for 1967 are ambitious, but attainable, being based on our marketing and manufacturing experts' studies and carefully planned programs. Of course, the general economy of the country could soften up to the point that our product sales would be affected, but I, personally, feel that this will not be so to any great extent. Leastwise, we will be holding our share of whatever market there is and your Company's employees will once again turn in the usual fine performance.

Pierrepont T. Noyes

President

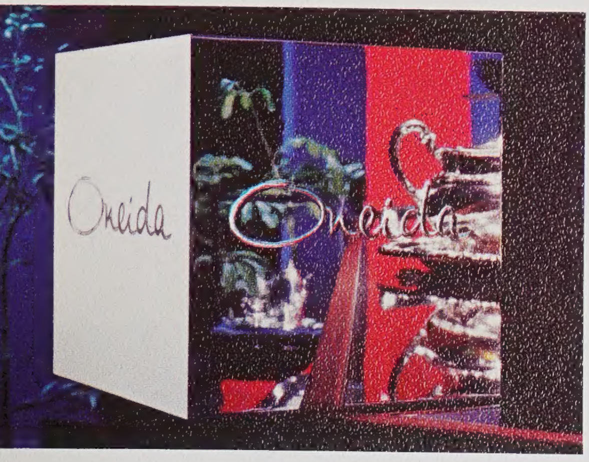
March 10, 1967

ONEIDA'S NEW SHOWROOM...

Through these doors pass the most important buyers of tableware in the world. Oneida's new display room is designed with such people in mind. Luxurious, yet highly functional. A soft blue interior creates dramatic highlights which bring forth the true loveliness of our tableware.

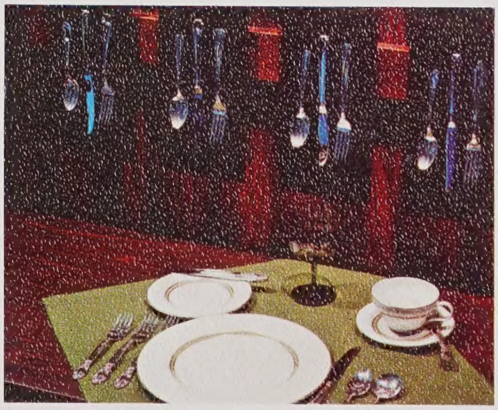
From the entranceway, the room is a panorama of casual elegance. Actually, however, it is completely sectional, with separate sales-conference areas custom-designed for the most effective presentation of each product line.

The magnificent hand-wrought silver door handles portray the very craftsmanship of the products displayed within.



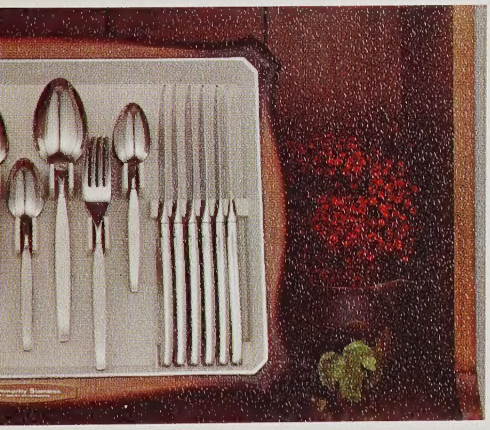
Reflecting the exquisite charm of the new display room, a gleaming silver cube— Oneida's mark of excellence.

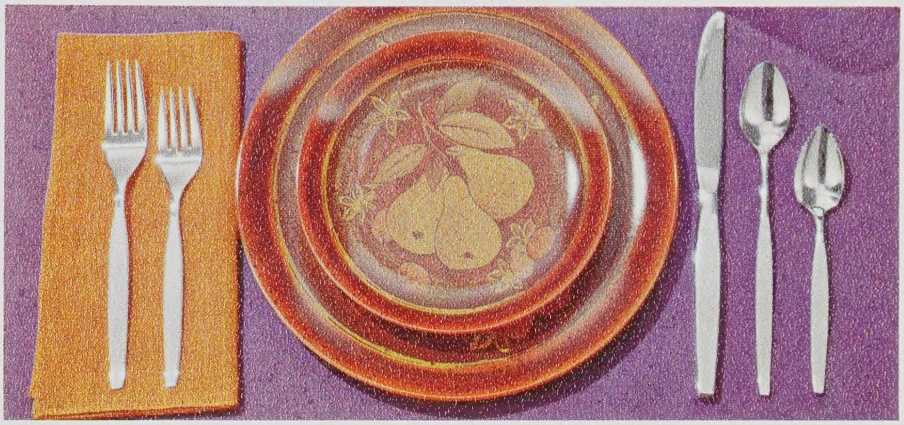
WELCOME TO THE BLUE ROOM



SOME OF OUR PRODUCTS AS CUSTOMERS SEE THEM

Oneida tableware is recognized throughout the world. Well-known trademarks include HEIRLOOM, COMMUNITY, ONEIDACRAFT, 1881 ® ROGERS ®, Wm. A. ROGERS and ONEIDA.





DIRECTORS

MILES E. ROBERTSON, *Chairman*

PIERREPONT T. NOYES, *President*

Clockwise, top left:

Henry G. Allen
Thomas H. Choate
Hamilton Allen
Leslie I. Smith
Lawrence A. Appley
Richard A. Bloom
Joseph M. Austin
John R. Keller
Dudley E. Sanderson
Miles E. Robertson
Pierrepont T. Noyes
Jerome Wayland-Smith
Herbert B. Stoughton
Harry T. Farmer
Robert L. Clare, Jr.
Orville E. Cumings, Jr.
Robert W. Landon
George H. Kramer
Stewart M. Hill
Gordon A. Moreau
John H. Detrich

ONEIDA LTD. AND CONSOLIDATED SUBSIDIARY

STATEMENT OF CONSOLIDATED INCOME AND EARNED SURPLUS

	Year Ended January 31	
	1967	1966
NET SALES	$54,208,113	$50,512,389
COST OF SALES	38,150,582	35,496,439
GROSS PROFIT ON SALES	16,057,531	15,015,950
OPERATING EXPENSES:		
Selling and advertising	8,175,277	7,589,399
General and administrative	2,339,784	2,250,405
TOTAL	10,515,061	9,839,804
INCOME FROM OPERATIONS	5,542,470	5,176,146
OTHER INCOME:		
Amortization of Northern Ireland grant	79,797	66,114
Interest	116,100	92,326
Miscellaneous	46,036	33,637
TOTAL	241,933	192,077
	5,784,403	5,368,223
INTEREST EXPENSE	641,377	431,955
INCOME BEFORE TAXES ON INCOME	5,143,026	4,936,268
PROVISION FOR INCOME TAXES:		
Federal	2,106,818	2,128,053
Other	458,182	396,947
TOTAL	2,565,000	2,525,000
NET INCOME	2,578,026	2,411,268
EARNED SURPLUS AT BEGINNING OF YEAR	12,715,457	12,485,140
	15,293,483	14,896,408
LESS DIVIDENDS AND OTHER DISTRIBUTIONS:		
Cash dividends:		
Preferred stock ($1.50 per share)	141,009	141,009
Common stock ($.44 per share in current year and $.38 per share in prior year)	581,166	498,216
Common stock distribution (Note 5)	1,388,519	1,541,726
TOTAL	2,110,694	2,180,951
EARNED SURPLUS AT END OF YEAR (Note 4)	$13,182,789	$12,715,457

(Depreciation included in costs and expenses amounted to $1,329,378 in current year and $1,169,661 in prior year.)

See notes to financial statements.

ONEIDA LTD. AND CONSOLIDATED SUBSIDIARY

CONSOLIDATED BALANCE SHEET

ASSETS

	January 31 1967	January 31 1966
CURRENT ASSETS:		
Cash	$ 1,515,596	$ 1,324,448
Trade accounts receivable (after reduction for doubtful accounts and promotion allowances of $649,026 in current year and $646,040 in prior year)	8,307,048	7,620,485
Other accounts and notes receivable	343,249	413,872
Inventories (Note 2):		
Finished goods	4,615,549	3,951,340
Goods in process	6,469,695	5,736,294
Raw materials and supplies	5,369,189	4,077,645
TOTAL CURRENT ASSETS	26,620,326	23,124,084
INVESTMENTS — At cost:		
Investments in and advances to:		
Unconsolidated subsidiaries (Note 3)	1,336,919	969,212
Affiliate (Note 3)	800,000	720,000
Miscellaneous (less reserve of $19,250)	98,107	92,883
TOTAL INVESTMENTS	2,235,026	1,782,095
PROPERTY, PLANT, AND EQUIPMENT — At cost	25,992,516	22,872,588
Less accumulated depreciation	14,028,414	13,228,317
PROPERTY, PLANT, AND EQUIPMENT — Net	11,964,102	9,644,271
PREPAID EXPENSES	215,769	173,532
TOTAL	$41,035,223	$34,723,982

LIABILITIES

	JANUARY 31	
	1967	1966
CURRENT LIABILITIES:		
Bank loans	$ 3,564,923	$ 1,323,944
Accounts payable	1,781,874	1,440,755
Accrued payrolls and expenses	1,210,792	958,774
Accrued employee bonus	800,082	856,227
Federal, state, and Canadian income taxes	1,721,005	1,511,410
Other taxes	207,038	205,545
Dividends payable	201,232	173,643
TOTAL CURRENT LIABILITIES	9,486,946	6,470,298
LONG-TERM DEBT (Note 4)	6,500,000	5,000,000
DEFERRED CREDITS AND RESERVE:		
Federal income tax	769,521	834,530
Unamortized Northern Ireland grant	371,848	359,022
Reserve for foreign exchange losses	75,000	75,000
TOTAL DEFERRED CREDITS AND RESERVE	1,216,369	1,268,552
STOCKHOLDERS' EQUITY:		
6% cumulative preferred stock (authorized, 95,660 shares of $25 par value, callable at $30 a share; issued and outstanding, 94,000 shares)	2,350,000	2,350,000
Common stock (authorized, 2,000,000 shares of $6.25 par value; issued and outstanding, 1,327,859 shares in current year and 1,107,148 shares in prior year) (Note 5)	8,299,119	6,919,675
Earned surplus (Note 4)	13,182,789	12,715,457
TOTAL STOCKHOLDERS' EQUITY	23,831,908	21,985,132
TOTAL	$41,035,223	$34,723,982

See notes to financial statements.

ONEIDA LTD. AND CONSOLIDATED SUBSIDIARY

Notes to Financial Statements

1. PRINCIPLES OF CONSOLIDATION

The accompanying financial statements include the accounts of the Company and Oneida Silversmiths Limited, a wholly-owned English subsidiary. The accounts of this subsidiary, which are included on the basis of the calendar year ended December 31, 1966, have been translated into U.S. dollars at the approximate exchange rate prevailing throughout the year. All material intercompany transactions and accounts have been eliminated.

The accounts of three other subsidiaries, which in the aggregate are not significant, have not been consolidated. The investments (including advances) in these companies are included at cost.

2. INVENTORIES

Inventories, other than silver, have been valued at the lower of cost or market, with cost being determined generally at average cost as to materials and standard costs (which approximate actual) as to labor and overhead. Silver inventories are stated at cost as determined generally on the last-in, first-out method.

3. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATE

The Company's equity in the combined net assets of its unconsolidated subsidiaries, based on their reports at the close of their latest fiscal years, was $114,209 in excess of the cost of its investments therein. The Company's share of the net losses of its unconsolidated subsidiaries for their latest fiscal years aggregated $139,668.

The cost of the Company's investment in its 50% owned Mexican affiliate approximated its share of the net assets at December 31, 1966. The Company's share of the net income of this affiliate for the year ended December 31, 1966 was $7,600.

The Company received no dividends from its unconsolidated subsidiaries and affiliate in the current year.

4. LONG-TERM DEBT

The long-term debt at January 31, 1967 consisted of the following:

5¼% senior notes due July 15, 1982, payable $417,000 annually from July 15, 1971	$5,000,000
6¼% senior notes due January 15, 1983, payable $125,000 annually from January 15, 1972	1,500,000
Total	$6,500,000

The Company is committed to borrow an additional $2,500,000 in 1967 at 6¼%. The related notes will be payable $208,000 annually from January 15, 1972 and will mature January 15, 1983.

The note agreements restrict borrowings, investments, acquisition of the Company's stock, and payments of cash dividends. At January 31, 1967, consolidated earned surplus of $4,162,576 was unrestricted and available for the foregoing purposes.

5. COMMON STOCK

Effective May 26, 1966 the authorized capital stock of the Company was increased from 1,200,000 to 2,000,000 shares. On October 25, 1966 the Company declared a 20% common stock distribution at par value payable to stockholders of record November 25, 1966. A total of 220,711 shares of stock were distributed and $9,075 was paid in cash in lieu of fractional shares.

6. RETIREMENT BENEFIT PLANS

Under the terms of non-contributory trusteed pension plans, the Company and its consolidated subsidiary provided $454,784 in the current year and $455,949 in the prior year for retirement benefits which are being funded on an actuarial basis. The unfunded past service liability, as computed by independent actuaries, is estimated to be $6,500,000 at January 31, 1967.

ACCOUNTANTS' OPINION

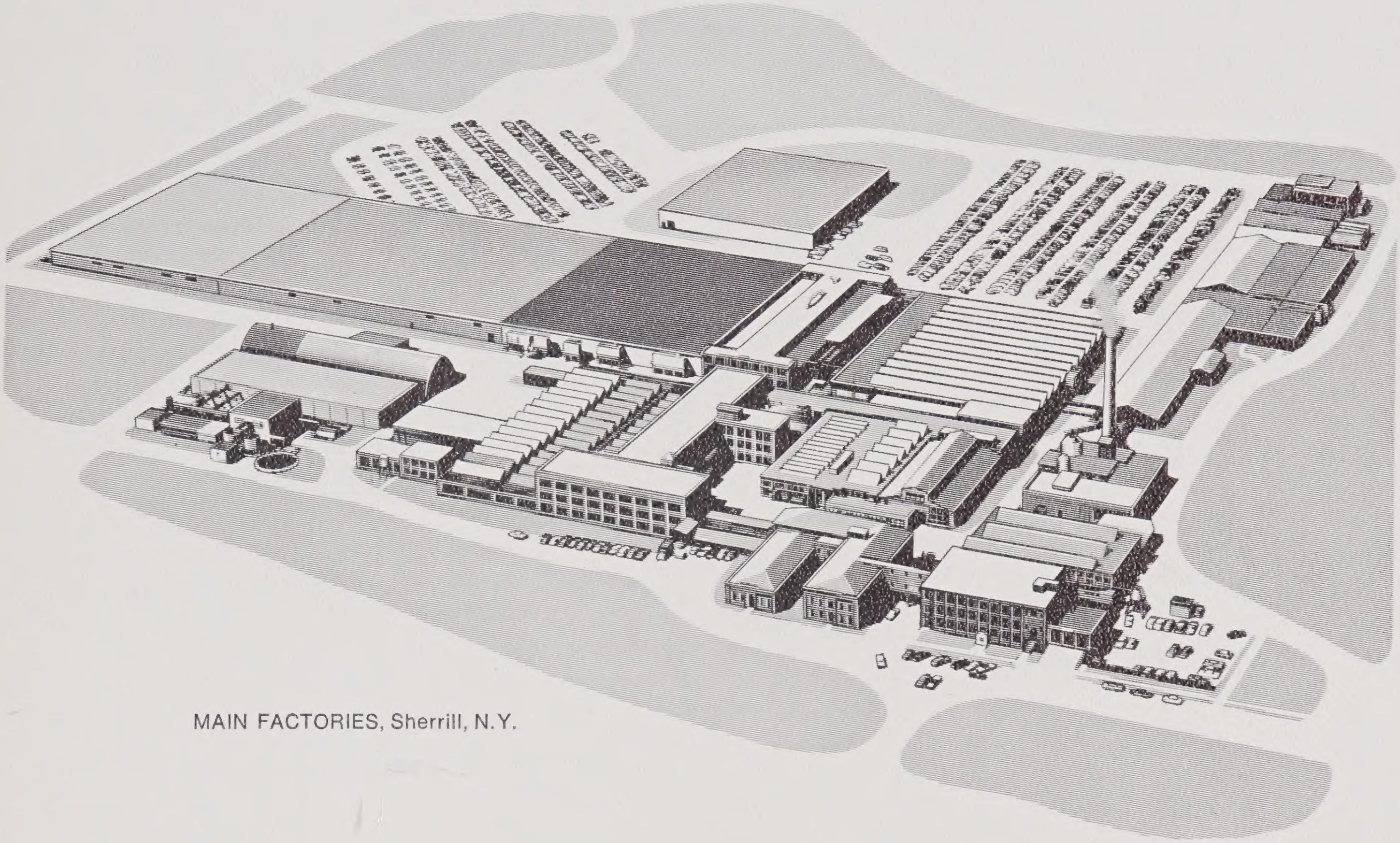
ONEIDA LTD.:

We have examined the consolidated balance sheet of Oneida Ltd. and its consolidated subsidiary as of January 31, 1967 and the related statement of consolidated income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the companies at January 31, 1967 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, March 10, 1967

HASKINS & SELLS



MAIN FACTORIES, Sherrill, N.Y.

ONEIDA'S DOMESTIC AND FOREIGN FACILITIES

Administration and manufacturing headquarters are located in the adjacent cities of Oneida and Sherrill, New York. Additions to both facilities were completed during the past year to fulfill current and projected growth requirements.

Foreign facilities include a new addition to our modern plant at Bangor, Northern Ireland; the Oneida Canada Limited factory in Niagara Falls and, most recently, a manufacturing operation, Oneida-Mexicana, S.A., at Mexico City. Mytton's Limited, of Melbourne, handles the manufacture and sale of various Oneida Products for the Australian market.

City offices and showrooms are located in New York City, Chicago, and Los Angeles; Toronto, Canada and London, England.

ONEIDA LTD. SILVERSMITHS ANNUAL REPORT, 1966

3-67-319